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THE **EQUITABLE LIFE** INSURANCE COMPANY  
OF CANADA

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# **Annual Report 1969**

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## DIRECTORS

M. J. SMITH*	<i>Honorary Chairman</i>
H. E. POWER,* F.C.I.S.	<i>Chairman of the Board and President</i>
W. J. McGIBBON,* Q.C.	<i>1st Vice-President</i>
C. N. WEBER*	<i>2nd Vice-President</i>

H. D. GREB	J. E. MOTZ
J. G. HAGEY, LL.D.	J. M. RIDDELL, Q.C.
P. R. HILBORN	J. W. SCOTT*
H. S. MORTON, O.B.E., F.R.C.S.	W. H. TIMMIS

\* Member of the Executive Committee

## OFFICERS

T. R. SUTTIE, F.I.A., F.C.I.A.	<i>Executive Vice-President</i>
G. R. BLAKE, F.L.M.I.	<i>Vice-President and Treasurer</i>
D. L. MacLEOD	<i>Vice-President and Director of Agencies</i>
H. I. McINTOSH, F.S.A., F.C.I.A.	<i>Vice-President and Actuary</i>
R. A. SAUNDERS, F.S.A., F.C.I.A.	<i>Vice-President and Comptroller</i>
W. H. WAHL, F.C.I.S., F.L.M.I.	<i>Vice-President and Secretary</i>

G. L. BRUNT, C.L.U.	<i>Superintendent of Agencies</i>
L. J. HAMEL, F.L.M.I.	<i>Mortgage Secretary</i>
R. A. HOOPER	<i>Superintendent Group Sales</i>
R. NOBLE, A.A.C.I.	<i>Assistant Treasurer (Mortgages)</i>
N. W. PARKER	<i>Assistant Secretary</i>
W. H. PUGH, F.L.M.I.	<i>Assistant Secretary</i>
D. C. RAMSAY, F.L.M.I.	<i>Systems and Planning Officer</i>
H. J. ROSE	<i>Superintendent of Agencies</i>
D. G. SEEBACH, F.L.M.I.	<i>Superintendent of Manpower Development</i>

McGIBBON, HARPER & HANEY	<i>Solicitors</i>
P. G. SCHWAGER, M.D.	<i>Medical Director</i>

# DIRECTORS' REPORT

TO THE POLICYOWNERS OF THE EQUITABLE LIFE INSURANCE COMPANY OF CANADA:

**NEW POLICYOWNERS** — During the year 8,074 new policyowners and certificate holders joined those already associated with the Company, bringing the total to 96,736 and increasing the business in force to \$1,162,201,499, a gain of \$93,914,024 in the year.

**PAYMENTS TO POLICYOWNERS** — A total of \$7,720,127 was paid to policyowners and beneficiaries. This included policy dividends of \$1,053,108.

**PROTECTION FOR POLICYOWNERS** — Policy reserves were increased by \$3,185,424 in the year to bring the total to \$58,507,771. In addition the investment reserve was increased to \$2,300,000 and the surplus to \$4,064,038. The increase in these two items was \$504,085.

**REVENUE** — This totalled \$14,583,437, an increase in the year of \$907,462. The rate of interest earned was 6.63% as compared to 6.41% in 1968. This rate is calculated after the deduction of investment expenses, but before deducting investment income tax.

**ASSETS** — These now amount to \$74,403,237, an increase of \$4,622,086 in the year.

**INVESTMENT RESERVE** — The Company has maintained consistently an Investment Reserve, quite apart from its surplus funds, as a protection against unusual fluctuation in asset values. The wisdom of this practice became very apparent in 1967 when bond yields commenced a rise which continued throughout 1968 and 1969. This rapid rise in current interest rates, which will in the end benefit participating policyowners, had the immediate consequence of a reduction in the current market value of bonds purchased by the Company when interest rates were lower, despite the fact that the income from such bonds and their maturity values are not affected in any way.

As a result of this reduction, the book values of bonds and stocks as shown in the assets exceeded the maximum values allowed by the Canadian and British Insurance Companies Act by approximately \$1,795,000. This difference, which does not take advantage of the averaging formula permitted by the Act, is well covered by the Investment Reserve of \$2,300,000. The Company will continue to add to this reserve to match the growth in assets.

**TAXATION** — The October 22, 1968, Budget imposed substantial new taxes on life insurance companies effective for 1969. Since the detailed Regulations establishing the precise bases of calculation were not published until late in December, leaving insufficient time to complete the extensive calculations required to determine the exact liability, the figures in the Report are based upon our best estimate of the tax payable. The estimate is \$528,500, of which \$188,500 is reported as a deduction from investment income and the balance is shown as a separate item in the Summary of Operations. These taxes resulted in the reduction in the amounts available to increase the investment reserve and unassigned surplus.

**STAFF** — The Directors again wish to record their sincere appreciation of the efforts of the Head Office and Field staffs. The continued progress of the Company is a reflection of the effective contribution made by each individual.

On behalf of the Board

H. E. POWER, *Chairman of the Board  
and President*



## OUR PROGRESS AT A GLANCE

	1969	1968	1959
New Business —			
Life and Annuity . . . . .	\$ 59,648,302	\$ 53,787,046	\$ 34,050,340
Business in Force —			
Life and Annuity . . . . .	1,162,201,499	1,068,287,475	194,885,479
Income . . . . .	14,583,437	13,675,975	5,921,154
Assets . . . . .	74,403,237	69,781,151	36,693,548
Benefit Payments . . . . .	7,720,127	6,646,894	2,399,916
Investment Reserve and Unassigned Surplus . . . . .	6,364,038	5,859,953	2,020,234
Dividends to Policyowners . . . .	1,053,108	958,522	381,008
Earned Interest Rate . . . . .	6.63%	6.41%	5.09%
<i>(Net of investment expenses, but before investment income tax)</i>			

*The Equitable Life of Canada is a mutual company  
owned entirely by its participating policyowners.*

## AUDITORS' REPORT TO THE POLICYOWNERS

We have examined the statement of assets, liabilities and surplus of the Equitable Life Insurance Company of Canada as at December 31, 1969, and the summary of operations for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances; the policy reserves were determined and certified by the Company's actuary.

Based on our examination and the certificate of the Company's actuary, we report that, in our opinion, the accompanying statement of assets, liabilities and surplus and the related summary of operations present fairly the financial position of the Company as at December 31, 1969, and the results of its operations for the year ended on that date.

Waterloo, Ontario  
January 23, 1970.

CLARKSON, GORDON & CO.,  
*Chartered Accountants*

## ACTUARY'S CERTIFICATE

The Policy Reserves of \$58,507,771 shown in the statement of assets, liabilities and surplus at December 31, 1969, are in excess of the reserves required by Section 82 of the Canadian and British Insurance Companies Act, and, in my opinion, make a good and sufficient provision for all unmatured obligations of the Company guaranteed under the terms of its policies.

January 23, 1970.

H. I. McINTOSH, F.S.A., F.C.I.A.,  
*Vice-President and Actuary*

# SUMMARY OF OPERATIONS

FOR YEAR ENDED DECEMBER 31

THE SOURCES OF INCOME WERE:

	1969	1968 FOR COMPARISON
Premiums:		
Insurance . . . . .	\$ 7,986,221	\$ 7,468,760
Annuity . . . . .	1,403,426	1,327,122
Health . . . . .	897,246	838,110
	<u>10,286,893</u>	<u>\$ 9,633,992</u>
Earnings from investments after investment expenses and, for 1969, investment income tax . .	4,296,544	4,041,983
	<u>\$14,583,437</u>	<u>\$13,675,975</u>

THIS INCOME WAS USED FOR:

Payments to policyowners and beneficiaries:		
Death benefits . . . . .	\$ 2,659,148	\$ 2,321,843
Disability benefits . . . . .	6,035	7,510
Matured endowments and cash values . . .	2,397,047	1,931,167
Annuity and settlement option payments . .	595,618	540,946
Interest on policyowners' funds . . . . .	271,902	267,661
Health Insurance benefits . . . . .	737,269	619,245
Additions to policy reserves to provide for future payments . . . . .	3,185,424	3,721,620
Operating expenses:		
Compensation for sales and field service to policyowners . . . . .	1,035,213	1,005,793
Service to policyowners at Head Office and branches . . . . .	1,473,973	1,275,687
Premium and municipal taxes and license fees	190,789	160,420
	<u>\$12,552,418</u>	<u>\$11,851,892</u>
Net adjustment in asset values . . . . .	81,826	(71,054)
Dividends to policyowners in year . . . . .	1,053,108	958,522
Increase in provision for next year's dividends to policyowners . . . . .	52,000	90,000
Income tax on earnings . . . . .	340,000	
Increase in Investment Reserve . . . . .	300,000	400,000
Increase in Unassigned Surplus . . . . .	204,085	446,615
	<u>\$14,583,437</u>	<u>\$13,675,975</u>

# STATEMENT OF - ASSETS

AT DECEMBER 31

THE COMPANY HAS THESE ASSETS TO MEET ITS  
OBLIGATIONS TO POLICYOWNERS:

**1969**

**1968**

FOR COMPARISON

BONDS . . . . .	<b>\$21,419,829</b>	\$20,998,860
STOCKS . . . . .	<b>1,513,251</b>	1,227,456
MORTGAGES . . . . .	<b>44,828,452</b>	41,969,525
REAL ESTATE . . . . .	<b>365,718</b>	193,097
Head Office property, land held for future Head Office and income producing property.		
LOANS TO POLICYOWNERS . . . . .	<b>4,167,887</b>	3,380,420
Fully secured by the cash value of policies of this Company		
CASH . . . . .	<b>190,651</b>	211,383
PREMIUMS IN COURSE OF COLLECTION .	<b>669,304</b>	677,618
Fully secured by policy reserves.		
INTEREST ACCRUED . . . . .	<b>692,025</b>	621,960
Interest from last payment date to December 31		
ELECTRONIC DATA PROCESSING EQUIPMENT . . . . .	<b>140,977</b>	192,946
This equipment is valued at cost less amortization		
SEGREGATED INVESTMENT FUNDS . . .	<b>414,237</b>	305,157
Market value of the investments held in the funds		
OTHER ASSETS . . . . .	<b>906</b>	2,729

*Bonds and stocks are shown at amortized cost and cost respectively, less certain write-downs, but, in the aggregate, exceed the maximum values allowed by the Canadian and British Insurance Companies Act by approximately \$1,795,000 (not taking advantage of the averaging formula permitted by Section 71 (4) of the Act), against which the company carries an investment reserve of \$2,300,000.*

**\$74,403,237**

**\$69,781,151**

H. E. POWER, *Chairman of the Board  
and President*



## - LIABILITIES AND SURPLUS

THE OBLIGATIONS OF THE COMPANY ARE:

AT DECEMBER 31

**1969**

**1968**

FOR COMPARISON

POLICY RESERVES . . . . .	<b>\$58,507,771</b>	\$55,322,347
This amount, with future premiums and interest earnings, provides for the payment of the benefits guaranteed by the Company's policies		
POLICYOWNERS' FUNDS . . . . .	<b>5,802,767</b>	5,714,400
Policy proceeds left on deposit, dividends left to accumulate, policy benefits in process of payment, premiums received in advance and other policyowners' funds		
POLICYOWNERS' DIVIDENDS . . . . .	<b>1,137,000</b>	1,085,000
Provision for dividends payable in 1970		
RESERVE FOR UNREPORTED CLAIMS . . . . .	<b>359,656</b>	375,964
An estimate of claims which may have occurred but have not yet been reported to the Company		
TAXES AND EXPENSES DUE AND ACCRUED . . . . .	<b>333,537</b>	127,626
The largest items are the remaining instalments of premium and income taxes payable in 1970 in respect of 1969		
SHORT TERM BORROWINGS . . . . .	<b>1,075,989</b>	415,399
To take advantage of investment opportunities		
SEGREGATED INVESTMENT FUNDS . . . . .	<b>414,237</b>	305,157
Contracts under which the benefits are determined by the market value of the securities, the obligation therefore being equal to the market value as carried in the assets		
OTHER LIABILITIES . . . . .	<b>408,242</b>	575,305
Includes mortgagors' tax prepayments, contractual payments on EDP equipment due in future years		
Total obligations	<b>\$68,039,199</b>	\$63,921,198
INVESTMENT RESERVE . . . . .	<b>2,300,000</b>	2,000,000
Protection against fluctuation in the value of the assets		
UNASSIGNED SURPLUS . . . . .	<b>4,064,038</b>	3,859,953
This provides additional security for policyowners and their beneficiaries and additional earning power for policyowners' dividends in future years		
	<b><u>\$74,403,237</u></b>	<b><u>\$69,781,151</u></b>

T. R. SUTTIE, *Executive Vice-President*

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## BRANCH OFFICES

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*Branch                      Manager*

CALGARY

EDMONTON

D. M. LILLYCROP, C.L.U.

GUELPH

J. R. FARNWORTH

HAMILTON

M. E. WRIGHT, C.L.U.

KINGSTON

C. J. DOYLE, C.L.U.

KITCHENER

D. S. W. OGILVIE, C.L.U.

LONDON

W. J. ANDERSON

MONTREAL

S. P. WINTON

OSHAWA

K. H. QUINN  
*Supervisor*

OTTAWA

H. E. LATIMER, C.L.U.

REGINA

W. A. SMITH

ST. CATHARINES

P. W. ENGS, C.L.U.

SARNIA

D. M. CHARLTON  
*Supervisor*

*Group Office*

CALGARY

F. H. SCHNEIDER

*Branch                      Manager*

SASKATOON

G. J. COOMBS

TORONTO

Yorkdale Shopping Centre

C. WHALLEY

1250 S. Service Rd., Port Credit

M. E. GREGORY

2489 Bloor St., W.

J. O. LEPRICH

401 Bay Street

G. B. McINNES

VANCOUVER

779 Broadway

A. R. WATERMAN, C.L.U.

777 Hornby Street

D. L. STEVENSON

Western Associates

S. P. ZLOTNIK, C.L.U.

VICTORIA

NORTHWESTERN INSURANCE  
AGENCIES LTD.

WATERLOO

E. F. GOMAN, C.L.U.

WINDSOR

WINNIPEG

D. G. TAYLOR, C.L.U.

*Group Office*

WATERLOO

R. A. HOOPER

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## MORTGAGE LOAN OFFICES

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HAMILTON

R. NOBLE, A.A.C.I.  
*Manager*

LONDON

A. E. ELMSLIE, A.A.C.I.  
*Manager*

OTTAWA

R. W. HILL  
*Manager*

TORONTO

W. KOMPA, S.R.A.  
*Representative*

WATERLOO

R. NOBLE, A.A.C.I.  
*Manager*

THE **EQUITABLE LIFE** INSURANCE COMPANY  
OF CANADA

HEAD OFFICE      -      WATERLOO, ONTARIO